

ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Frusetta Analyst: Kimberly Pantoja Bill Number: AB 1273
Related Bills: See Legislative History Telephone: 845-4786 Amended Date: 05/03/99
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: FTB Include Two Voter Registration Cards With PIT Return Every Even-Numbered Year Prior To March Primary Election

SUMMARY OF BILL

This bill would require the Franchise Tax Board (FTB) to include two voter registration cards with each blank form provided for filing personal income tax returns every even-numbered year prior to the March primary election.

This bill also would make changes to various code sections not administered by the FTB. These changes do not affect the department and are not discussed in this analysis.

SUMMARY OF AMENDMENT

The May 3, 1999, amendment replaced the bill language, as introduced February 26, 1999, with voter registration provisions, including the requirement that the FTB include voter registration cards with the personal income tax forms.

This amendment also added a provision allocating \$1 million to the FTB for implementation of the inclusion of the voter registration cards.

EFFECTIVE DATE

As an Appropriations measure, this bill would be effective upon enactment and apply to all tax forms distributed after that date.

LEGISLATIVE HISTORY

Public Law 103-31, Section 2, May 20, 1993, 107 Stat. 77, enacted the National Voter Registration Act of 1993 (42 U.S.C. Sec. 1973gg). SB 86 (1999) would require the FTB to either include a paragraph or an insert of voter registration information in the personal income tax booklets.

PROGRAM HISTORY/BACKGROUND

Congress enacted the National Voter Registration Act (NVRA) to: (1) establish procedures that will increase the number of eligible citizens who register to vote in elections for federal office; (2) make it possible for federal, state and local governments to implement the act in a manner that enhances the participation of eligible citizens as voters in elections for federal office; (3) protect the integrity of the electoral process; and (4) ensure that accurate and current voter registration rolls are maintained.

Board Position:

_____ S	_____ NA	_____ NP
_____ SA	_____ O	_____ NAR
_____ N	_____ OUA	_____ X PENDING

Department Director

Date

Gerald Goldberg

5/27/1999

The department included a paragraph of voter registration information, approved by the Secretary of State (SOS), in the "Additional Information" page of the 1998 personal income tax booklets (except for the TeleFile booklets) mailed in December 98/January 99. The voter registration information also will be included in the 1999 booklets mailed in December 99/January 2000.

The FTB currently makes voter registration information provided by the SOS available at field offices.

SPECIFIC FINDINGS

Existing state law states it is the intent of the Legislature that voter registration be maintained at the highest possible level and requires the SOS to adopt regulations requiring each county to design and implement programs to identify qualified persons who are not registered voters and attempt to register those persons to vote.

This bill would require the FTB to include two voter registration cards with each blank form provided for the filing of personal income tax returns every even-numbered year prior to the March primary election.

This bill also would appropriate \$10 million to the Secretary of State, with \$1 million of that amount allocated to the FTB for the implementation of the inclusion of two voter registration cards with the personal income tax returns.

Approximately three million personal income tax returns are filed electronically. These taxpayers do not receive a tax booklet, but rather receive a postcard from the FTB explaining why a booklet was not mailed and encouraging the taxpayer to continue to use paperless filing methods. **This bill** would not require that voter registration cards be provided for these taxpayers.

Implementation Considerations

The bill would require the FTB to include two voter registration cards with "each blank form provided" for the filing of personal income tax returns. The California resident pamphlet of instructions contains six forms, which would require the FTB to include 12 cards for each pamphlet of instructions. In addition, the FTB sends individual forms to taxpayers upon request and has forms available to be downloaded from the FTB website. The bill would require the FTB to provide two cards for each blank form provided in these instances, which would be difficult to implement for every requested form and impossible for downloaded forms. The author may want to specify "each pamphlet of instructions mailed" instead.

The effective date of this bill would require the registration cards to be included first in tax booklets mailed in December 1999, for the March primary of 2000. However, if the bill is not signed by July 1, 1999, there would not be sufficient time to order the necessary paper (postcard stock) or arrange to receive a sufficient quantity of cards from the Secretary of State and make the necessary production schedule adjustments to meet the December delivery deadlines.

Currently, the booklets are completed entirely on one press and come off the conveyer belt ready to be labeled. The insertion process would add another step to the printing process as the booklet would not be finished by one press, but would need to be sent to another machine to have the insert stitched into the booklet. With existing equipment, the extra stitching will add about 11 days to each booklet's press run, or 45 days to the printing cycle for all personal income tax booklets. If the voter registration cards are included with the 1999 booklets, the additional production time could jeopardize the ability to deliver tax booklets to taxpayers by the end of December. The Office of State Printing is installing new equipment which may slightly shorten this process, but the current press will not be dismantled and the new equipment installed until after the department's normal printing dates.

Technical Considerations

The bill uses the term "personal income tax returns," which could be interpreted as including all returns filed under the Personal Income Tax Law, including returns for partnerships, estates, trusts, etc. For clarification, the author should substitute "returns for individuals."

FISCAL IMPACT

Departmental Costs

The cost of including two voter registration cards is based on per pamphlet of instructions (booklet), not per form provided. If the bill is not amended to clarify that the requirement is per pamphlet and stays as written, "per form," the cost estimate will need to be adjusted. The increase to printing (extra process, cardstock paper) and mailing (weight increase) costs for inserting two cards per personal income tax booklet is \$1.1 million.

Tax Revenue Estimate

This bill would not impact state tax revenue.

BOARD POSITION

Pending.